



ILLINOIS ECONOMIC REVIEW

The Monthly Illinois Economic Review contains information on national, statewide, and local economic performance by measuring job growth, unemployment, and business activity. This information is compiled by IGPA Economist Geoffrey Hewings, director of the Regional Economics Applications Laboratory at the University of Illinois at Urbana-Champaign.

NOVEMBER 2013

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

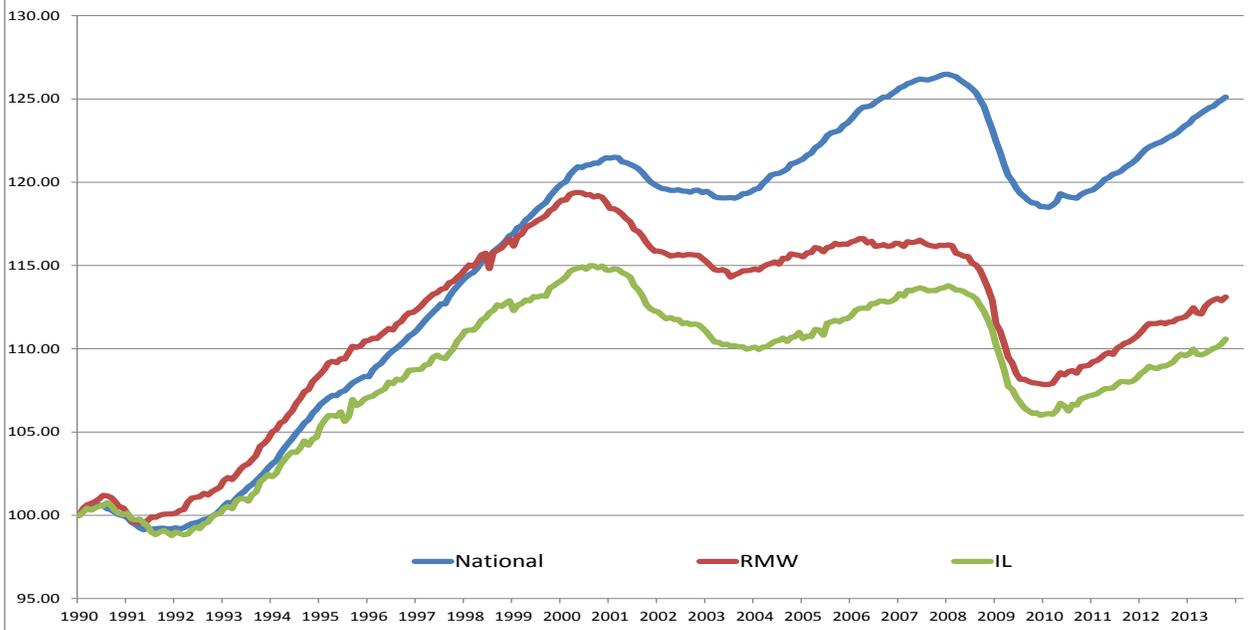
- Illinois added 15,400 jobs in October 2013, compared with a 10,300 job gain in September 2013. Compared to October 2012, Illinois has added 57,300 jobs. The three-month moving average of jobs, a more stable measure of the labor market, was up by 9,900 jobs per month.
- The Nation added 204,000 jobs at a rate of 0.15%, compared with a 163,000 job gains in September 2013. The three-month moving average of jobs was up by 201,700 jobs per month.
- The RMW added 38,300 jobs in October at a rate of 0.20% after a 23,800 job loss in September. The three-month moving average was up by 10,600 jobs per month.
- Since the beginning of the recession in December 2007, Illinois has posted negative job changes 33 times and positive job gains also 36 times so far. The state of Illinois now has a net loss of 162,100 jobs since the beginning of the recession in December 2007.
- Since January 2010, when Illinois employment growth resumed after the national recession, Illinois has added 226,200 new jobs.
- By October 2013, Professional & business services and Leisure & hospitality have both recovered to their previous employment peak levels. The 12-month-ahead job recovery forecasts show that the future recovery rates will increase for sectors such as Manufacturing, Trade, transportation & utilities (TTU), Financial activities, Professional & business services, Leisure & hospitality and Other services.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.5%, 14.7% and 13.1%, compared to official unemployment rates of 8.9%, 7.5% and 7.3%.
- Through October 2013, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 10.58%, 13.11%, and 25.11%, respectively.

OCTOBER 2013 EMPLOYMENT CHART

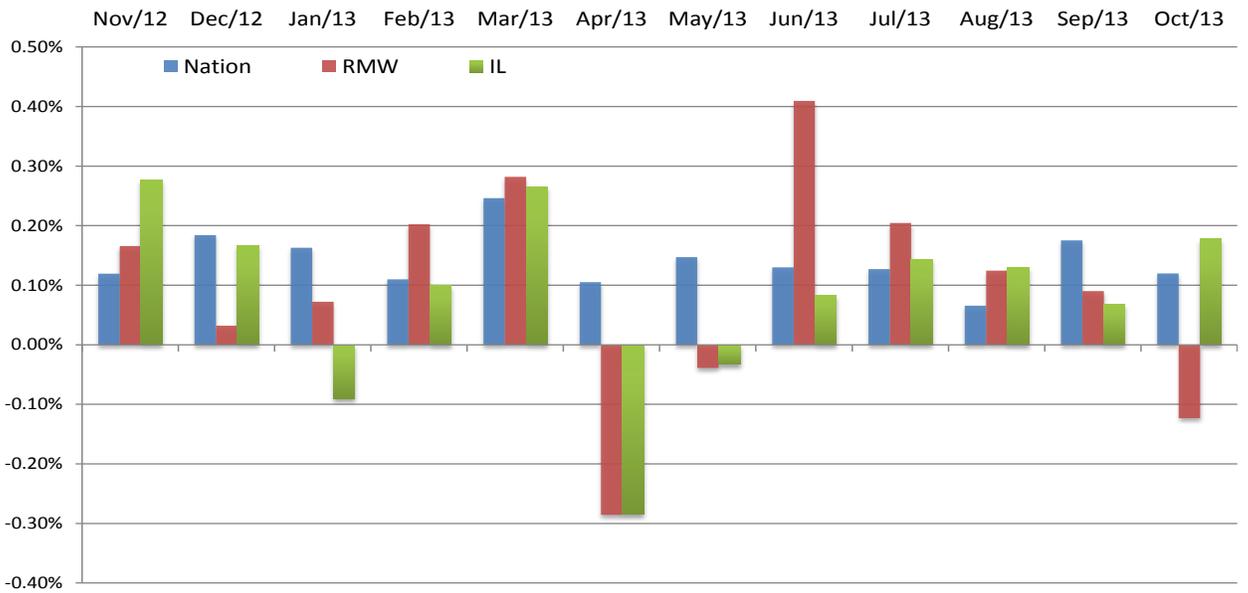
NOV Positive	Total Non-Farm Employment	Sep 2013– Oct 2013		Last 12 months		Oct 2013
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.15	204,000	1.74	2,329,000	13.10%
	RMW*	0.2	38,300	1.17	223,800	14.70%
	Illinois	0.27	15,400	0.99	57,300	12.50%

*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.
 **REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

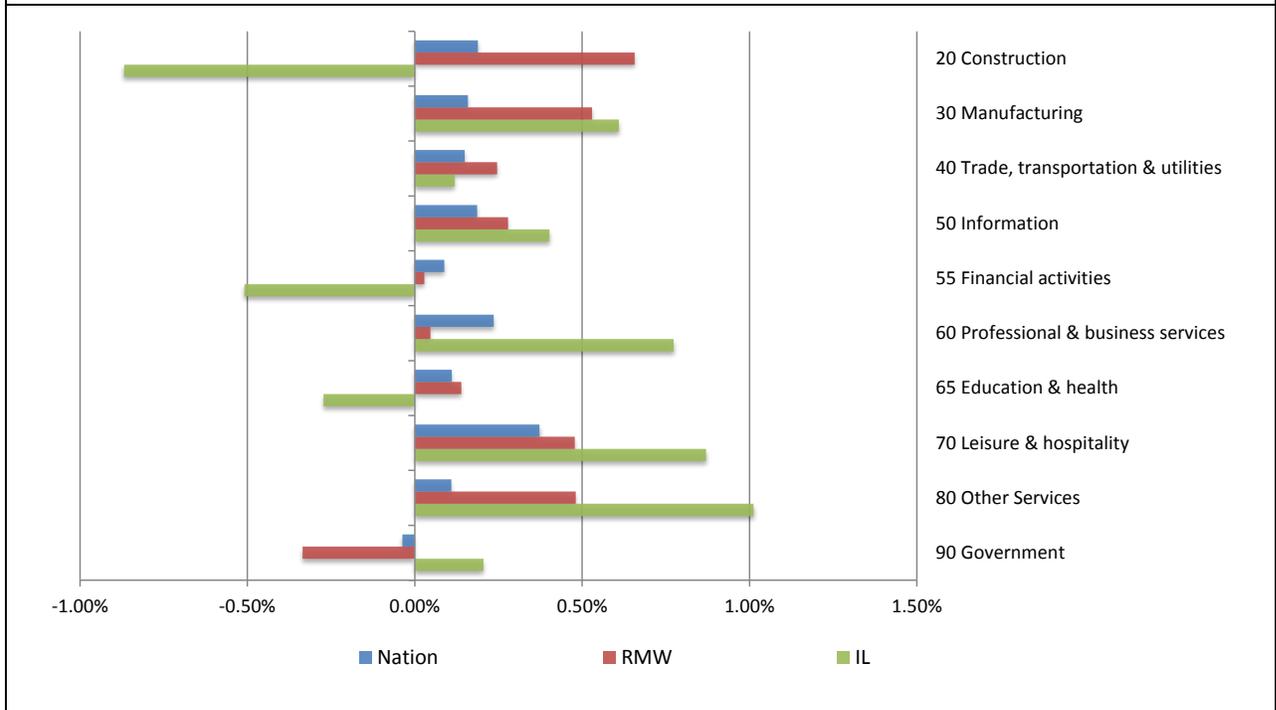
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – OCT 2013



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE NOV 2012 – OCT 2013



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS SEP 2013 – OCT 2013



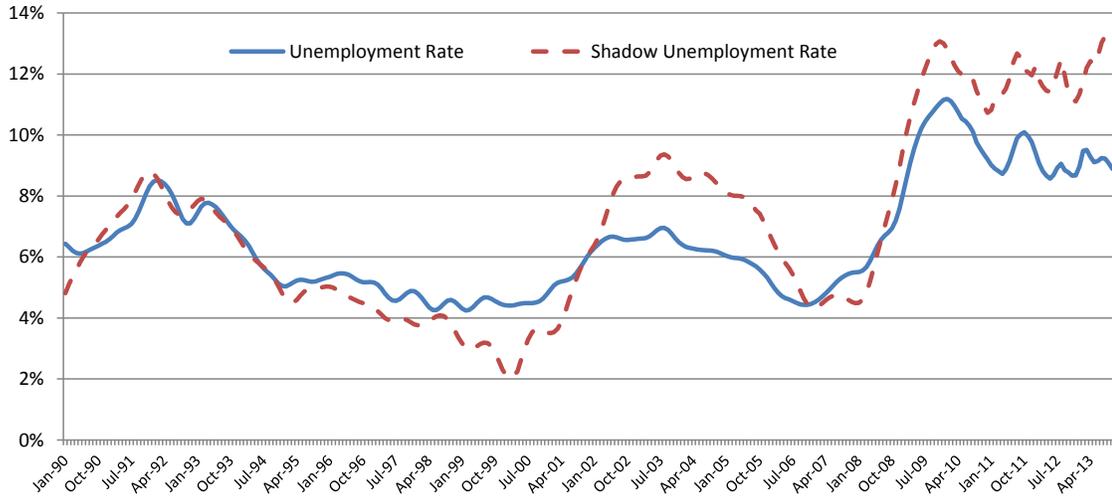
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

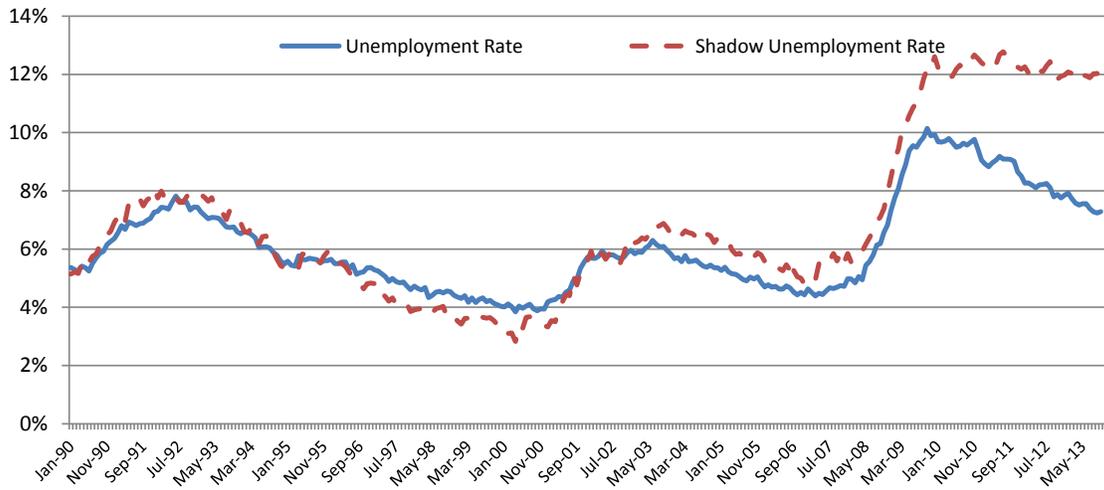
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined since the 1990s and thus a number of analysts feel that the official unemployment rate does not account for a larger number of people who have dropped out of the labor force. REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- In the 1990s, the average participation rate was 68.2% in Illinois whereas in 2010, it has been only 66.6%.
- For the 15 years from 1990 to 2004, the average participation rate was 68.1% in Illinois.
- In the 1990s in the US, the average participation rate was 65.5% whereas in 2010, it has been 66.0%; for the 15 years from 1990 to 2004, the average participation rate was 66.6%.
- The figures on the next page show the difference between the official and shadow unemployment rate for Illinois (top figure) and the US as a whole (bottom figure).
- For Illinois since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 275,200 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

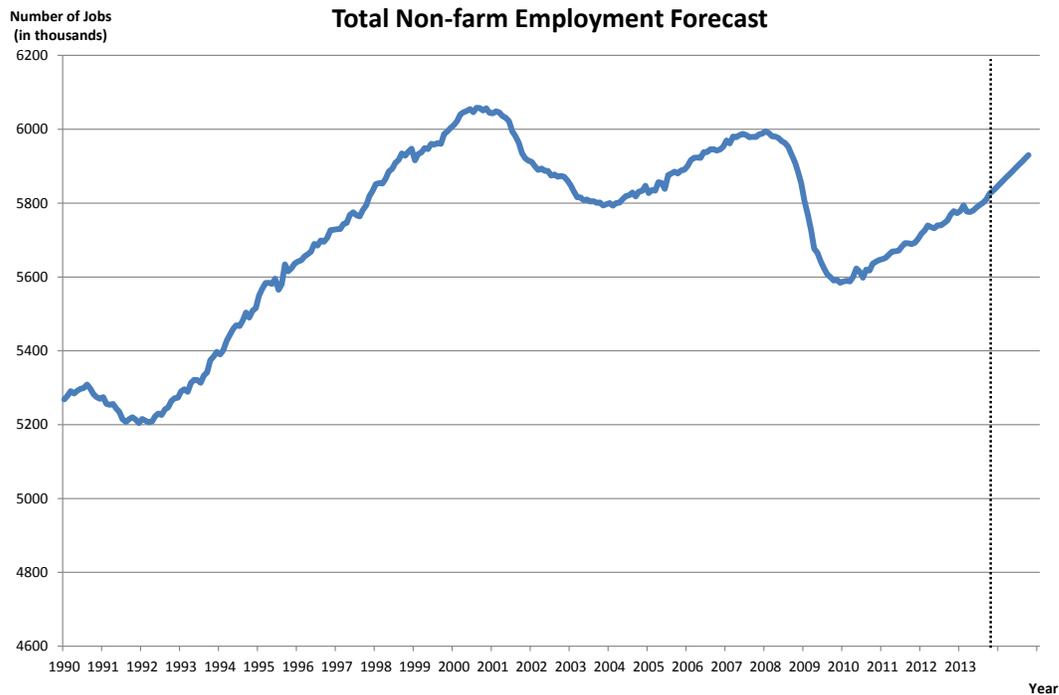


▪ US



EMPLOYMENT FORECAST

Illinois	August 2013	August 2014 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,825,800	5,930,000	104,200 ~ 128,100	1.79%~2.20%
Construction	182,700	179,800	-2,900	-1.59%
Manufacturing	577,700	584,800	7,100	1.23%
Trade, transportation & utilities	1,172,500	1,193,200	20,700	1.77%
Information	99,700	100,500	800	0.80%
Financial Activities	371,400	376,800	5,400	1.45%
Professional & business services	898,600	933,400	34,800	3.87%
Education & health	879,200	903,900	24,700	2.81%
Leisure & hospitality	544,800	558,500	13,700	2.51%
Other services	259,500	264,600	5,100	1.97%
Government	829,000	834,500	5,500	0.66%

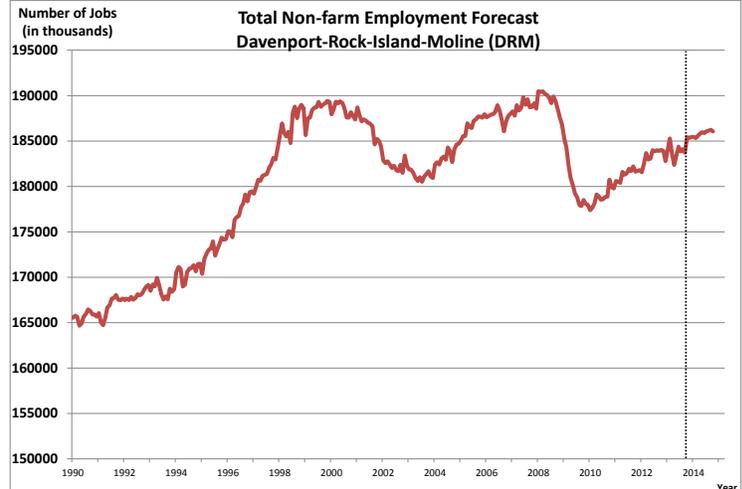
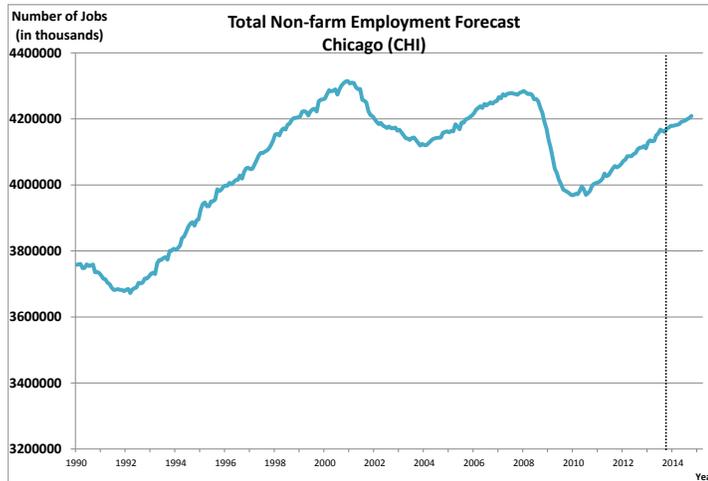
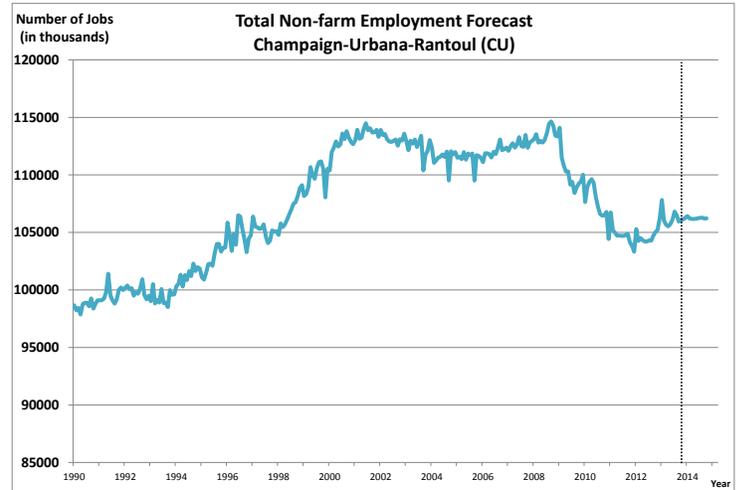
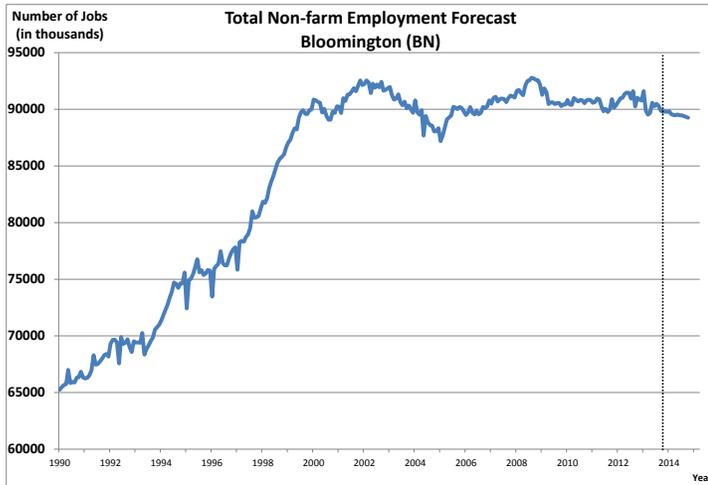


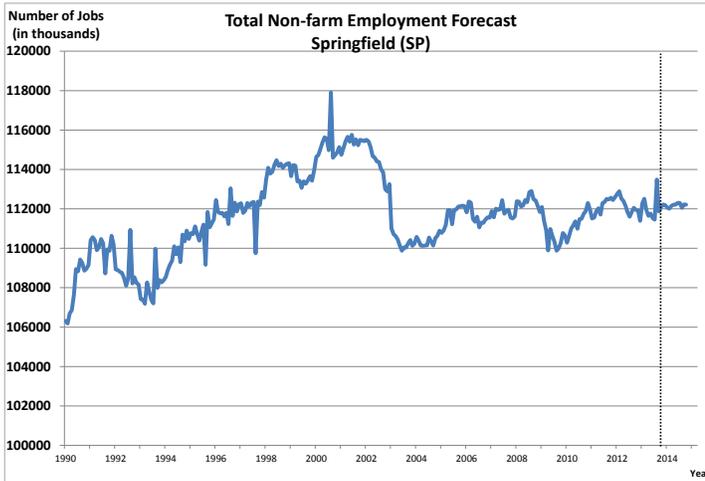
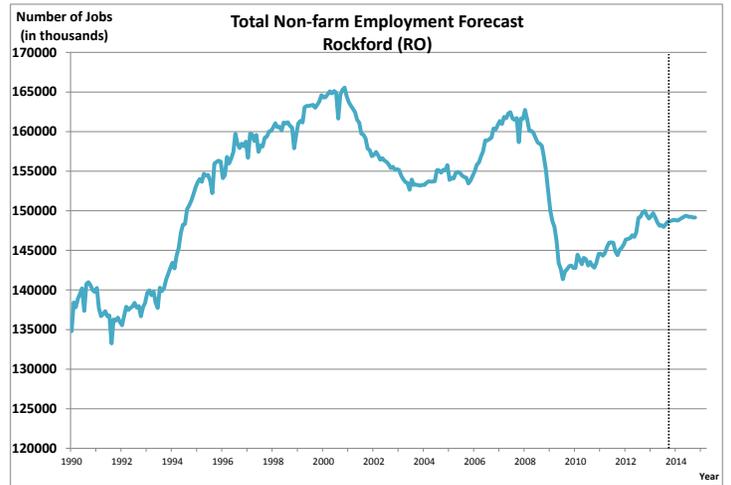
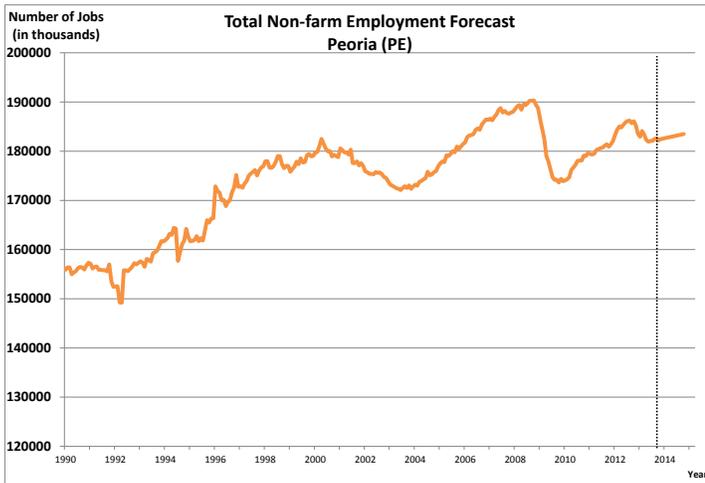
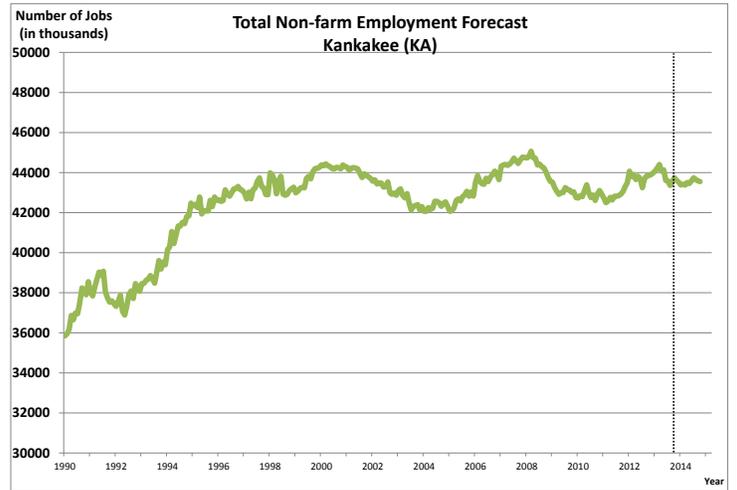
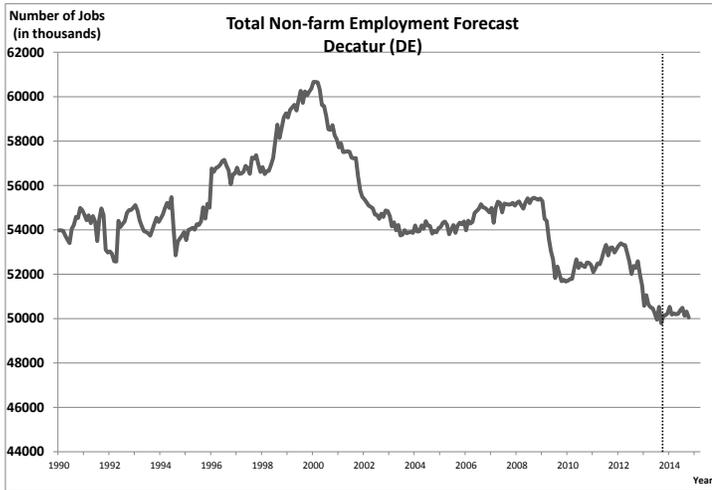
* The values by sector for the number of jobs added are the lower bound of the forecast.

Employment Forecast for MSAs

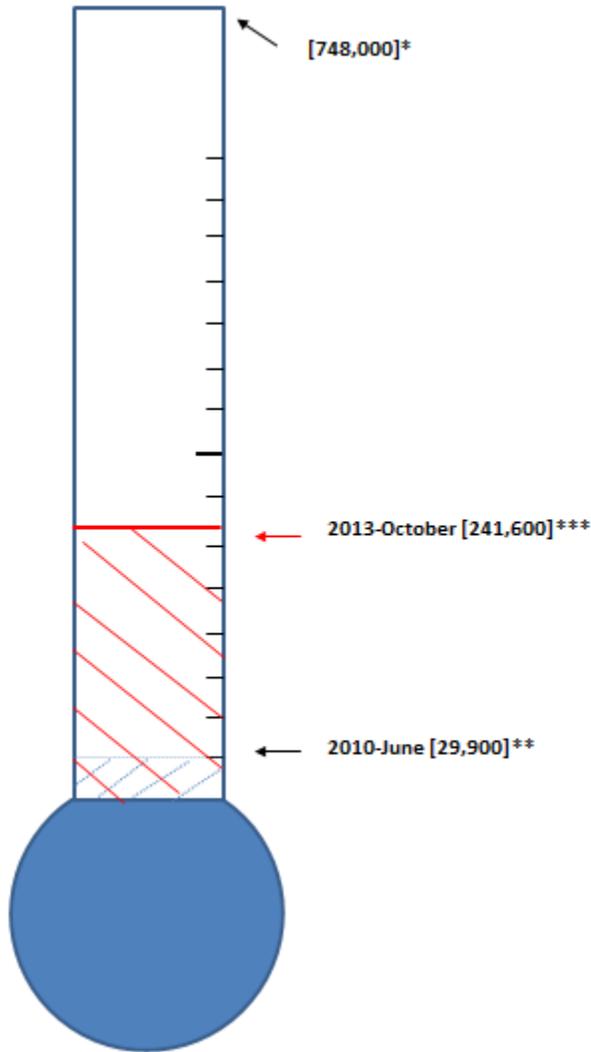
MSAs	Oct 2013*	Oct 2014 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	89,800	89,300	-500 ~ -340	-0.56%~-0.38%	-	LEI (2.54%)	INF (-12.19%)
Champaign-Urbana-Rantoul	106,100	106,200	100~240	0.13%~0.23%	+	LEI (1.79%)	MAN (-2.45%)
Chicago	4,170,000	4,209,000	390,00~52,800	0.94%~1.27%	+	PRO(2.50%)	FIN (-1.93%)
Davenport-Rock Island-Moline	185,400	186,100	700~-1,000	0.35%~ 0.52%	+	EDU (2.23%)	INF (-4.28%)
Decatur	50,100	50,000	-100~300	-0.16%~0.57%	+	PRO (5.26%)	GOV (-3.29%)
Kankakee	43,700	43,500	-200~-50	-0.44%~ -0.11%	-	OTH (1.44%)	FIN (-1.85%)
Peoria	182,200	183,500	1,300~1,400	0.71 %~ 0.76%	+	PRO (5.47%)	TTU (-0.41%)
Rockford	148,700	149,200	500~1,000	0.32%~0.64%	+	PRO (2.16%)	CON (-15.08%)
Springfield	112,100	112,200	100~ 800	0.11%~ 0.70%	+	PRO (3.52%)	INF (-10.02%)

*Total Non-Farm Jobs





Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2013- Aug	At the point of 2010-June
In 5 years	101,300 jobs/year	143,600 jobs/year
In 8 years	63,300 jobs/year	89,800 jobs/year
In 10 years	50,600 jobs/year	71,800 jobs/year
In 15 years	33,800 jobs/year	47,900 jobs/year

* The figure 748,000 is the number of jobs needed for the Illinois economy to recover to the previous employment peak, 2000-Nov. The gap between the previous peak 2000-Nov and the previous lowest point 2009-Dec is 472,800. Adding 275,200, the number of jobs that needed to bring the shadow and official unemployment rates together, the total number of jobs that Illinois needs to create is 748,000.

**The figure 29,900 represents the jobs recovered from December 2009 (previous lowest level) through June 2010.

*** The figure 241,600 represents the jobs recovered from December 2009 through October 2013.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 – Oct 2013					
	Job Changes in Recession Period*	Job Changes in Jan 2010-Aug 2013	Recovery Rate	Forecasted Job Changes Jan 2010-Aug 2014	Forecasted Recovery Rate
Construction	-63,800	-21,200	-33.23%	-24,100	-37.77%
Manufacturing	-114,500	22,800	19.91%	29,900	26.11%
Trade, transportation & utilities (TTU)	-97,100	51,600	53.14%	72,300	74.46%
Information	-11,300	-4,700	-41.59%	-3,900	-34.51%
Financial activities	-32,700	6,400	19.57%	11,800	36.09%
Professional & business services	-92,700	117,700	126.97%	152,500	164.51%
Education & health	32,200	57,700	--	82,400	--
Leisure & hospitality	-22,300	32,900	147.53%	46,600	208.97%
Other Services	-6,300	3,900	61.90%	9,000	142.86%
Government	5,600	-27,300	--	-21,800	--

*Recession period: Dec 2007- Dec 2009

Recovery by Sector	<ul style="list-style-type: none"> ▪ During the recession period of December 2007-December 2009, 8 out of 10 Illinois sectors experienced negative job growth. Education & health and Government are the only 2 sectors that had positive job growth during the recession. ▪ Since January 2010, Illinois employment growth resumed. Manufacturing, Trade, transportation & utilities, Financial activities, Professional & business services, Leisure & hospitality and Other services have recovered 19.91%, 53.14%, 19.57%, 126.97%, 147.53% and 61.90% respectively, from the jobs lost during the recession. ▪ By October 2013, Professional & business services and Leisure & hospitality have both recovered to their previous employment peak levels. ▪ However, recovery rates for sectors such as Construction and Information are still negative, namely, -33.23% and -41.59% respectively. ▪ The 12-month-ahead job recovery forecasts show that the future recovery rates will increase for sectors such as Manufacturing, Trade, transportation & utilities (TTU), Financial activities, Professional & business services, Leisure & hospitality and Other services. ▪ Construction will continue to lose jobs at a faster rate.
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CATCH UP SCENARIO

Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Recovery rates at October 2013**
Nation	126.49 (Dec-2007)	125.11 (Oct 2013)	Positive growth	80.06%
RMW	119.39 (Jun-2000)	113.11 (Oct 2013)	Positive growth	62.89%
IL	115.00 (Nov-2000)	110.58 (Oct 2013)	Positive growth	59.85%
Metro Areas***:				
Bloomington Normal	142.06 (Feb 2002)	137.67 (Sep 2013)	Negative growth	NA
Champaign-Urbana	116.26 (Jan 2009)	107.38 (Sep 2013)	Negative growth	NA
Chicago	114.82 (Nov 2000)	110.72 (Sep 2013)	Positive growth	62.14%
Davenport- Rock Island-Moline	115.06 (Mar 2008)	110.98 (Sep 2013)	Positive growth	51.73%
Decatur	112.38 (Jan 2000)	92.23 (Sep 2013)	Negative growth	NA
Kankakee	125.66 (Nov 2011)	121.52 (Sep 2013)	Positive Growth	31.39%
Peoria	122.09 (Aug 2008)	117.12 (Sep 2013)	Positive growth	52.50%
Rockford	122.81 (Nov 2000)	110.25 (Sep 2013)	Positive growth	27.79%
Springfield	110.94 (Aug 2000)	105.26 (Sep 2013)	Positive growth	119.74%
Metro-East	114.97 (Jun 2001)	106.13 (Sep 2013)	Negative growth	NA

* Catch-up scenarios are based on average monthly growth rate over the previous 12 months. Nation already passed its previous peak at February 2005.

**Recovery rates are percentage of jobs added since the last official end of the recession.

*** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

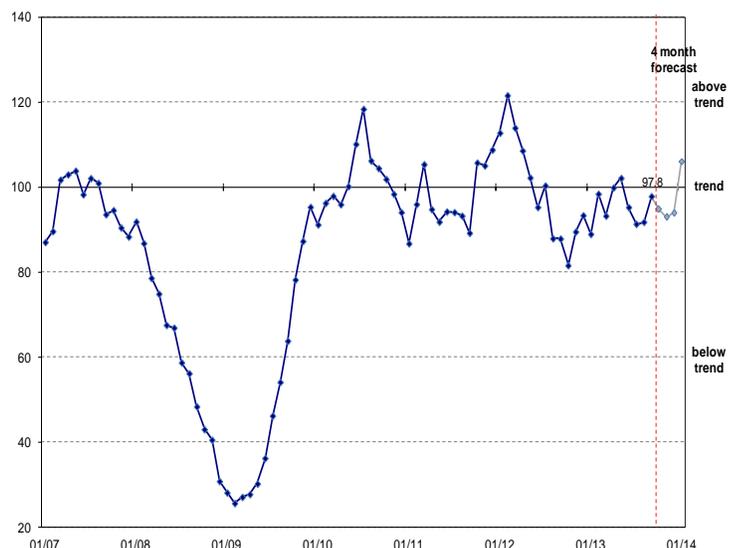
CBAI INCREASED IN SEPTEMBER

This index is based on national indices of leading indicators and is a barometer for the economy, tracing the path of growth or contraction through to the current period and then forecasts up to 24 months into the future.

- The Chicago Business Activity Index (CBAI) increased to 97.8 in September from 91.8 in August. The rise is attributed to the increase in the Chicago area employment in manufacturing and nonmanufacturing sectors.
- In September, the national and regional economy shared positive features. The Federal Reserve Board announced that total industrial production index advanced 0.7 percent in September to 100.1 after having increased in August by 0.5 percent. Capacity utilization for all industry rose 0.4 percentage point in September to 78.3 percent
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to +0.14 in September from +0.13 in August due to positive contributions from production, employment and sales. In the Chicago region, the employment in manufacturing and nonmanufacturing rose 0.09 percent and 0.04 percent in September, respectively while construction employment was unchanged. Retail sales are estimated to have fallen 0.36% in September.
- In the coming months, the national economy is likely to maintain its modest recovery trend. The economic growth reflected in the CFNAI-MA3 suggests that national economic activity was slightly below its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment rose by 204,000 in October, and the unemployment rate was little changed at 7.3%. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.

CBAI (Current: 97.8)

	1 month	3 month	1 year
Historical (ago)	91.8	95.2	87.8
Forecast (ahead)	94.7	93.9	-



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Peoria (3rd to 9th) and Metro East (4th to 10th) experienced the deepest fall this month.
- Kankakee (1st to 3rd), Rockford (2nd to 7th), Bloomington-Normal (7th to 8th) also dropped in terms of rank from last month.
- The most remarkable upward move in October was recorded for Decatur (10th to 2nd).
- Davenport-Rock Island-Moline (6th to 1st), Chicago (5th to 4th) Springfield (9th to 5th) and Champaign-Urbana-Rantoul (8th to 6th) also gained in terms of rank from last month.
- In the 12 months growth league table, upward moves were recorded for Kankakee (6th to 5th), Chicago (2th to 1st) and Rockford (8th to 6th).
- Downward moves were recorded for Champaign-Urbana-Rantoul (1st to 2nd) and Bloomington-Normal (5th to 8th).
- Davenport-Rock Island-Moline, Springfield, Metro-East, Peoria and Decatur remained in the same place.
- In the 12 months growth league table, Decatur is in the last place and Chicago climbed up to the first place.

*NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	Sep 2013	Oct 2013	Rank	Change**
1	Kankakee(0.46%)	Davenport-Rock Island-Moline(0.92%)	1	↑(+5)
2	Rockford (0.21%)	Decatur(0.69%)	2	↑(+8)
3	Peoria (0.06%)	Kankakee (0.42%)	3	↓(-2)
4	Metro-East (-0.05%)	Chicago (0.22%)	4	↑(+1)
5	Chicago (-0.06%)	Springfield (0.2%)	5	↑(+4)
6	Davenport-Rock Island-Moline (-0.2%)	Champaign-Urbana-Rantoul (0.13%)	6	↑(+2)
7	Bloomington-Normal (-0.47%)	Rockford (0.04%)	7	↓(-5)
8	Champaign-Urbana-Rantoul (-0.5%)	Bloomington-Normal (-0.14%)	8	↓(-1)
9	Springfield (-1.43%)	Peoria (-0.22%)	9	↓(-6)
10	Decatur (-1.47%)	Metro-East (-0.34%)	10	↓(-6)

Growth over last 12-months:

Rank	Sep 2013	Oct 2013	Rank	Change**
1	Champaign-Urbana-Rantoul (1.17%)	Chicago (1.37%)	1	↑(+1)
2	Chicago (1.15%)	Champaign-Urbana-Rantoul (0.99%)	2	↓(-1)
3	Davenport-Rock Island-Moline (-0.13%)	Davenport-Rock Island-Moline (0.77%)	3	←(+0)
4	Springfield (-0.19%)	Springfield (0.11%)	4	←(+0)
5	Bloomington-Normal (-0.51%)	Kankakee (-0.28%)	5	↑(+1)
6	Kankakee (-0.67%)	Rockford (-0.92%)	6	↑(+2)
7	Metro-East (-0.77%)	Metro-East (-1.15%)	7	←(+0)
8	Rockford (-0.81%)	Bloomington-Normal (-1.36%)	8	↓(-3)
9	Peoria (-1.74%)	Peoria (-2.16%)	9	←(+0)
10	Decatur (-4.83%)	Decatur (-4.73%)	10	←(+0)

* MSA League Tables are based on revised employment data. For instances of equal growth rate for multiple MSAs ranks are decided based on change of growth rate from previous month.

Unemployment Claims (Initial)

